

TORONTO STOCK EXCHANGE

FILING STATEMENT No. 387.

ACCEPTED FOR FILING, NOVEMBER 26th. 1959.

CALVERT GAS & OILS LIMITED

Full corporate name of Company

Incorporated under The Companies Act, Canada

Particulars of incorporation (e.g., Incorporated under Part IV of The Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957)

FILING STATEMENT

Reference is made to previous Filing Statement No. 274.

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

| | | | | | | | | | | | | | | | | |
|---|---|---|--|---|----------------|---------------------------------------|---------------------|-------------------|------------------------------------|---------------------|------------------|-------------------------------------|--------------------|-------------------------|------------------------------------|--------------------|
| 1. Head office address and any other office address. | Home Office: 79 East Don Roadway, Toronto, Ontario Executive Office: 809 Kennedy Building, Tulsa, Oklahoma, U.S.A. Division Office: 201 Derrick Building, Calgary, Alberta | | | | | | | | | | | | | | | |
| 2. Brief statement of the material change in the affairs of the company in respect of which this statement is filed. | See Schedule 'A' on page 2. NOV 30 1959 | | | | | | | | | | | | | | | |
| 3. Names, addresses and chief occupations for the past five years of officers and directors. | President and Director: D. Kenneth Manes, Philtower Building, Petroleum Engineer Vice President and Director: Bruce Watson, 523 Crescent Boulevard, Calgary, Alberta, Oil Executive Secretary, Treasurer and Director: Morris H. Starkman, 15 Lyonsgate Drive, Downsview, Ontario, Chartered Accountant Director: Lease Bonifield, Mims Bldg., Abilene, Texas, Consulting Geologist Director: O. H. Randel, P.O.Box 88, Carlsbad, New Mexico, Independent Oil Producer Director: Paul Love, 535 South Curson Street, Los Angeles, California, Independent Oil Producer Director: Samuel G. Choy, 749 Jackson Street, San Francisco, California, Investments | | | | | | | | | | | | | | | |
| 4. Share capitalization showing authorized and issued and outstanding capital. | Authorized: 5,000,000 shares, no par value Issued: 2,200,000 shares, no par value | | | | | | | | | | | | | | | |
| 5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding or proposed to be issued. | None - Other than the Mortgage referred to in Schedule 'A' on page 2. | | | | | | | | | | | | | | | |
| 6. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state. | <table><tr><td>Morris Mizel</td><td>809 Kennedy Bldg., Tulsa, Oklahoma, U.S.A.</td><td>666,000 Shares Escrowed-Registered and Beneficial Owner</td></tr><tr><td>Davidson & Co.</td><td>25 Adelaide St.W., Toronto 1, Ontario</td><td>109,060 Shares Free</td></tr><tr><td>S.J. Brooks & Co.</td><td>185 Bay Street, Toronto 1, Ontario</td><td>176,350 Shares Free</td></tr><tr><td>J. L. Goad & Co.</td><td>68 Yonge Street, Toronto 1, Ontario</td><td>90,900 Shares Free</td></tr><tr><td>Doherty Roadhouse & Co.</td><td>335 Bay Street, Toronto 1, Ontario</td><td>66,830 Shares Free</td></tr></table> <p>In addition to the 666,000 shares registered in the name of Morris Mizel, Morris Mizel beneficially owns or controls 496,300 shares, some of which may be included in the holdings of the brokerage firms listed above. The beneficial owners of the balance of the shares registered in the above-named brokerage firms are unknown.</p> | Morris Mizel | 809 Kennedy Bldg., Tulsa, Oklahoma, U.S.A. | 666,000 Shares Escrowed-Registered and Beneficial Owner | Davidson & Co. | 25 Adelaide St.W., Toronto 1, Ontario | 109,060 Shares Free | S.J. Brooks & Co. | 185 Bay Street, Toronto 1, Ontario | 176,350 Shares Free | J. L. Goad & Co. | 68 Yonge Street, Toronto 1, Ontario | 90,900 Shares Free | Doherty Roadhouse & Co. | 335 Bay Street, Toronto 1, Ontario | 66,830 Shares Free |
| Morris Mizel | 809 Kennedy Bldg., Tulsa, Oklahoma, U.S.A. | 666,000 Shares Escrowed-Registered and Beneficial Owner | | | | | | | | | | | | | | |
| Davidson & Co. | 25 Adelaide St.W., Toronto 1, Ontario | 109,060 Shares Free | | | | | | | | | | | | | | |
| S.J. Brooks & Co. | 185 Bay Street, Toronto 1, Ontario | 176,350 Shares Free | | | | | | | | | | | | | | |
| J. L. Goad & Co. | 68 Yonge Street, Toronto 1, Ontario | 90,900 Shares Free | | | | | | | | | | | | | | |
| Doherty Roadhouse & Co. | 335 Bay Street, Toronto 1, Ontario | 66,830 Shares Free | | | | | | | | | | | | | | |
| 7. Details of any treasury shares now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement. | Not Applicable | | | | | | | | | | | | | | | |
| 8. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof. | Not Applicable | | | | | | | | | | | | | | | |
| 9. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement. | Pursuant to particulars disclosed in Filing Statement No. 82 of The Toronto Stock Exchange, 666,000 shares are held in escrow for Morris Mizel by The Toronto General Trusts Corporation 253 Bay Street, Toronto, Ontario, subject to release only with the prior written consent of The Toronto Stock Exchange. | | | | | | | | | | | | | | | |
| 10. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings. (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.) | Morris Mizel, 809 Kennedy Building, Tulsa, Oklahoma, U.S.A. | | | | | | | | | | | | | | | |

SCHEDULE 'A'

1. By Agreement dated the 23rd day of November, 1959 and made between Morris Mizel (hereinafter referred to as "Mizel") and the Company, it was agreed, subject to the approval of the Toronto Stock Exchange, and because of the decline in the revenue from the gas and oil properties purchased from Mizel that:-
 - (a) Mizel releases the Company from the oil production payment which as of July 31st, 1959 had an unpaid balance of \$229,601.91 plus unpaid interest amounting to \$12,389.25.
 - (b) In consideration of Mizel releasing the Company as aforesaid the Company shall give Mizel a note in the principal amount of \$100,000.00 secured by a mortgage covering the properties formerly covered by the oil production payment. The note shall be payable out of oil and gas production from the properties at the rate of \$1,500.00 per month. Neither the note nor the mortgage shall bear any interest, and the mortgage shall provide that the holder shall have no right of foreclosure.
 - (c) The Company accept an offer to sell the Government "G" Lease, one of the properties conveyed by Mizel to the Company and which has ceased producing oil because of the intrusion of water for and in consideration of the sum of \$23,000.00.
2. Upon this Filing Statement being accepted for filing by the Toronto Stock Exchange, the Company is authorized to make application for registration of its shares with the Securities and Exchange Commission, Washington, D.C.

SCHEDULE 'B'

PRODUCING OIL AND GAS INTERESTS IN CANADA:

Undivided 2% working interest in 10 wells that were completed in 1959 in the Pembina Pool, Alberta, Canada. These wells will be utilized in the future as water injection wells for a secondary recovery program.

UNDEVELOPED ACREAGE IN CANADA:

Extensive seismograph and gravity work have been performed by Richfield Oil Corporation on the Company's acreage on the East Graham Island of Queen Charlotte Islands, British Columbia.

The Company owns an undivided 25% working interest in 153,564 acres in the Cariboo Quesnel Area of British Columbia. Large blocks of adjoining acreage are held by the Honolulu Oil Corporation and Britalta Petroleum Ltd.

The Company owns an undivided 25% working interest in 585,184 acres in the McKenzie Delta Area, Northwest Territories. Surface geology work has been performed upon this acreage.

Undivided 25% working interest in 62,683 acres in the Fraser River Area, British Columbia. A gravity survey has been conducted upon the acreage.

PRODUCING OIL AND GAS INTERESTS IN THE UNITED STATES:

2 wells located on the Tittel lease in Russell County, Kansas have recently been reacidized and recompleted. The oil production from these wells was increased.

WATER-FLOOD OPERATIONS IN THE UNITED STATES:

The Pan American Petroleum Corporation has commenced the injection of water in the Sloss Unit, Kimball County, Nebraska, in which the Company owns its Vowers lease.

The Pan American Petroleum Corporation is the operator of the Kimball Townsite Water-Flood, which was unitized October 1, 1959. The Company owns the following leases in the Kimball Townsite Field:

Antelopeville
Clarkson
Burgs
Campbell-Leamings
Yannayons

The Tennessee Gas Transmission Company has commenced operations on the Dunman water-flood project, Coleman County, Texas, in which the Company owns the Dunman "G" and Dunman "H" leases.

CONCESSION IN GUATEMALA:

The Company owns an undivided 4.6% interest of a second concession that was recently acquired, covering 101,074 acres in the Peten Area.

Magnetometer exploratory work is presently being conducted upon this concession.

FINANCIAL STATEMENTS

CALVERT GAS & OILS LIMITED

(Incorporated as a Public Company Under the Laws of the Dominion of Canada.)

AND ITS WHOLLY - OWNED SUBSIDIARY

BEDFORD AMERICAN PETROLEUM CORPORATION

(Incorporated Under the Laws of the State of Oklahoma, U.S.A.)

INTERIM UNAUDITED CONSOLIDATED BALANCE SHEET

AS AT AUGUST 31, 1959

ASSETS

LIABILITIES AND CAPITAL

| | | | |
|--|---------------|--|---------------|
| Current Assets | | Current Liabilities | |
| Cash on Hand and in Bank | \$ 73,861.87 | Accounts Payable and Accrued Liabilities | \$ 38,999.23 |
| Accounts Receivable | 5,072.32 | Reserve for Foreign Exchange (Note 1) | \$ 12,458.46 |
| Investments | | Capital Stock and Retained Earnings | |
| 46,000 Shares 4.6% Interest in Petroleos | | Capital Stock | |
| Atlas de Guatemala, a foreign corporation (At Cost) | \$ 3,803.30 | Authorized: | |
| Fixed Assets | | 5,000,000 Shares of No Par Value | |
| Interest in Producing Leases, Development Costs, Equipment, etc. (At Cost) | \$ 346,267.04 | Issued and Fully Paid: | |
| Less: Accumulated Depletion, Depreciation and Amortization | 21,969.21 | 2,000,000 Shares as at January 1, 1959 | \$ 631,380.87 |
| Interests in Undeveloped Leases, Reservations, etc. (At Cost) | \$ 5,947.12 | 200,000 Shares Issued for cash during the period | 100,000.00 |
| Deferred Expenses | | | \$ 731,380.87 |
| Advances re Drilling and Development | \$ 12,765.67 | Retained Earnings (Note 2) | 132.33 |
| Deferred Development and General and Administrative Expenses for Calvert Gas & Oils Limited (as per attached Statement) (Note 2) | \$ 347,660.54 | (As per attached statement) | \$ 731,513.20 |
| Organization and Re-organization Expenses - Unamortized Balance | \$ 8,562.24 | | |
| | \$ 368,988.45 | | |
| | \$ 782,970.89 | | |
| TOTAL ASSETS | \$ 782,970.89 | TOTAL LIABILITIES AND CAPITAL | \$ 782,970.89 |

NOTE 1: For purposes of consolidation U.S.A. accounts have been converted to Canadian funds at par and a foreign exchange adjustment of \$12,458.46 resulting from inter-company advances has been credited to reserve for foreign exchange.

NOTE 2: A Consolidated Statement of Operations was not prepared because the Parent Company is in the development stage and all its costs (less revenue) have been capitalized pending more substantial development of its operations, whereas the subsidiary Company is in the productive stage. Instead a Statement of Income and Retained Earnings for Bedford American Petroleum Corporation is included separately in these Financial Statements.

Approved on Behalf of the Board of Directors:

Stanley H. Manes Director
"D.K. Manes"

B.W. Watson Director
"B. Watson"

BEDFORD AMERICAN PETROLEUM CORPORATION

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE EIGHT MONTH PERIOD ENDED AUGUST 31, 1959

| | | |
|--|---------------|------------------|
| Gross Crude Oil and Gas Sales | | \$ 26,059.02 |
| Production and Operating Expenses | | <u>14,687.38</u> |
| Gross Margin from Operations | | \$ 11,371.64 |
| General and Administration Expenses | | <u>1,122.20</u> |
| Net Earnings before depreciation, depletion and amortization | | \$ 10,249.44 |
| Other Income: | | |
| Federal Tax Refund | \$ 356.04 | |
| Interest Earned | <u>30.74</u> | <u>386.78</u> |
| | | \$ 10,636.22 |
| Other Charges: | | |
| Franchise Tax - Nebraska | 51.00 | |
| Loss on Sale of Lease | <u>731.81</u> | |
| Premium on Foreign Exchange | <u>152.99</u> | <u>935.80</u> |
| | | \$ 9,700.42 |
| Less: Depreciation, depletion and amortization | | <u>12,530.48</u> |
| Net Loss for the Period | | \$ 2,830.06 |
| Retained Earnings December 31, 1958 | | <u>2,962.39</u> |
| Retained Earnings August 31, 1959 | | <u>\$ 132.33</u> |

CALVERT GAS & OILS LIMITED

INTERIM UNAUDITED STATEMENT OF DEFERRED DEVELOPMENT AND GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE EIGHT MONTH PERIOD ENDED AUGUST 31, 1959

| | | |
|---|-----------------|----------------------|
| Balance - January 1, 1959 | | \$ 322,230.78 |
| Development Expenses | | |
| Dry Holes Drilled | \$ 6,022.70 | |
| Lease Rentals | <u>4,847.61</u> | |
| Sundry Development Expenses | <u>4,006.39</u> | |
| Engineering Fees and Expenses | <u>692.54</u> | \$ 15,569.24 |
| General and Administrative Expenses | | |
| Transfer Agents Fees and Expenses | \$ 3,549.84 | |
| Legal Fees | <u>2,765.70</u> | |
| Operators Administrative Fees | <u>2,400.00</u> | |
| Accounting, Secretarial and Auditing Fees | <u>2,002.20</u> | |
| Annual and Special Meeting Expenses | <u>1,770.13</u> | |
| Publicity and Shareholders Information | <u>1,484.77</u> | |
| Printing and Stationery | <u>573.44</u> | |
| General and Office Expenses | <u>413.93</u> | |
| Licences, Fees and Taxes | <u>319.00</u> | |
| Listing and Filing Fees | <u>150.00</u> | |
| Directors Fees | <u>150.00</u> | |
| | \$ 15,579.01 | |
| Less: Interest Earned | <u>372.50</u> | \$ 15,206.51 |
| | | \$ 30,775.75 |
| Less: Revenue from Oil Sales - Net | | <u>5,345.99</u> |
| | | \$ 25,429.76 |
| BALANCE - AUGUST 31, 1959 | | <u>\$ 347,660.54</u> |

CALVERT GAS & OILS LIMITED

AND ITS WHOLLY OWNED SUBSIDIARY

BEDFORD AMERICAN PETROLEUM CORPORATION

INTERIM UNAUDITED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD JANUARY 1, 1959 to AUGUST 31, 1959

Statement of Change in Working Capital

| | January 1, 1959 | August 31, 1959 |
|------------------------------------|-----------------------|---------------------|
| Current Assets | \$ 15,231.51 | \$ 79,934.19 |
| Current Liabilities | 38,306.77 | 38,999.23 |
| Working Capital | <u>\$ (23,075.26)</u> | <u>\$ 40,934.96</u> |
| | | 23,075.26 |
| <u>Increase in Working Capital</u> | | <u>\$ 64,010.22</u> |

Statement of Source and Application of Funds

Source of Funds


| | | |
|--|---------------|----------------------|
| Funds from Operations Net Earnings (Loss) | | \$ (2,830.06) |
| <u>Add: Non Cash Expenditures</u> | | |
| Depreciation, Depletion | | |
| and Amortization | \$ 12,530.48 | |
| Loss on Sale of Lease | <u>731.81</u> | <u>13,262.29</u> |
| | | \$ 10,432.23 |
| Sale of 200,000 Shares of Capital Stock for Cash | | 100,000.00 |
| Proceeds from Interest in Petroleos Atlas de Guatemala | | 420.00 |
| Proceeds on Sale of Interest in Producing Lease | | <u>1,385.83</u> |
| <u>TOTAL SOURCE OF FUNDS</u> | | <u>\$ 112,238.06</u> |


Application of Funds

| | | |
|--|--|---------------------|
| Purchase and other Costs of Interests in | | |
| Producing Leases, Development Costs, Equipment, etc. | | \$ 5,668.45 |
| Purchase of Interests in Undeveloped Leases, | | |
| Reservations, etc. | | 3,529.32 |
| Deferred Development and General and Administrative | | |
| Expenses | | 25,429.76 |
| Advances re Drilling and Development | | 12,765.67 |
| Reorganization Expenses | | <u>834.64</u> |
| <u>TOTAL APPLICATION OF FUNDS</u> | | <u>\$ 48,227.84</u> |

| | |
|---|---------------------|
| Total Source of Funds | \$ 112,238.06 |
| <u>Less: Total Application of Funds</u> | <u>48,227.84</u> |
| <u>INCREASE IN WORKING CAPITAL</u> | <u>\$ 64,010.22</u> |

WE, the undersigned Directors, hereby certify
that there has been no material change in the financial affairs
of CALVERT GAS & OILS LIMITED, and its wholly-owned subsidiary,
BEDFORD AMERICAN PETROLEUMS CORPORATION, since the date of the
attached Interim Unaudited Consolidated Financial Statement
dated the 31st day of August, 1959.


"D. K. Manes" (DIRECTOR)


"B. Watson" (DIRECTOR)

| | |
|--|---|
| 11. Brief statement of company's chief development work during past year. | See Schedule 'B' on page 2. |
| 12. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any. | The Company will engage in exploratory work and development of proven oil and gas leases in Western Canada. |
| 13. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value. | Calvert Gas & Oils Limited owns 4,970 shares of Bedford American Petroleum Corporation, Tulsa, Oklahoma. This is a wholly owned subsidiary of the Company, and was formed to hold, develop and operate oil and gas leasehold interests in the United States, with investment cost of \$500.00. The Company, through Bedford American Petroleum Corporation, owns 46,000 shares, being 4.6% interest in Petroleos Atlas de Guatemala, which shares have no quoted market value, and have a cost of \$4,218.30. |
| 14. Brief statement of any lawsuits pending or in process against company or its properties. | None |
| 15. Names and addresses of persons whose shareholdings are large enough to materially affect control of the company. | It is believed that Morris Mizel would be in a position to materially effect control if he could obtain proxies from the registered shareholders named in paragraph 6. |
| 16. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition. | Not applicable |
| 17. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid. | Not applicable |
| 18. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company. | Not applicable |
| 19. Statement of any other material facts and if none, so state. | None |

DATED November 23, 1959

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 2 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

D. Kenneth Manes

D. Kenneth Manes

CORPORATE

Morris H. Starkman

Morris H. Starkman

SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 2 above and in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1319.
FILED, JUN 10th. 1965.

CALVERT GAS & OILS LIMITED

Full corporate name of Company
Incorporated under The Companies Act of Canada by
Letters Patent dated February 14th, 1928.

Particulars of incorporation (e.g., incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

Reference is made to previous
Filing Statement No. 1041.

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.

- (a) Change of address of head office (see item 2)
(b) Changes in directors and officers (see item 3)
(c) Underwriting and Option Agreement respecting certain presently unissued treasury shares (see items 6 and 7 hereof).

2. Head office address and any other office address.

Head Office: 20th Floor, 4 King St. W. Toronto 1, Ont.
Division 201 Derrick Building, Calgary, Alberta.
Office:

3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.

The directors and officers of the Company prior to annual meeting of shareholders of the Company held on April 20, 1965 were as follows:

| | | | |
|------------------------------|--|-----------------------------|--|
| Morris Mizel | 2244 East 34th St. Tulsa Okla. | Independent Oil Producer | President and Director. |
| Sam Mizel | 2722 42nd St. Tulsa Okla. | Independent Oil Producer | Secretary- Treasurer and Director. |
| Steven Mizel | 2244 East 34th St. Tulsa Okla. | Independent Oil Producer | Director |
| Phillip E. Berry | P.O. Box 642, Tyler Texas. | Executive | Vice-President and Director |
| Joe Borg | 2271 East 34th St. Tulsa Okla. | Merchant | Director |
| Walter Herbert Hanoeh Jr. | 524 E. 49th St. N. Tulsa, Okla. | Manufacturer | Director |
| Dr. James A.L. White | 106 Briar Hill Ave. Toronto, Ontario. | Mineral Economist | Director |

At the annual meeting of shareholders on April 20th, 1965 the persons shown as Directors in Item 3 were elected. (See Below).

At a directors' meeting on April 20th, 1965 following the annual meeting of shareholders the persons shown as officers in item 3 hereof were appointed.

| | | | |
|----------------------------------|---------------------------|--------------------------------------|--|
| President & Director | Dr. James A. White | 106 Briar Hill Ave. Toronto, Ont. | Mineral Economist |
| Vice Pres. & Director | John C. Evans | 16 Ffeshire Rd. Willowdale, Ont. | Broker |
| Sec:-Treas: & Director | Frederick W. Boulger | 1596 Carmen Dr. Port Credit, Ont. | Account- ant |
| Asst. Sec:- Treas. & Director | Frederick George Roman | R.R. #1, Union- ville, Ontario. | Account- ant |
| Director | Jean Gabriel Castel | 86 Briar Hill Ave. Toronto, Ont. | Professor of Inter- national law. |
| Director | Arthur Rattew | 20 Burbank Rd. Ottawa, Ont. | Executive |
| Director | Russell Rule | 26 Edgehill Rd. Islington, Ont. | Executive |

4. Share capitalization showing authorized and issued and outstanding capital.

Authorized 5,000,000 shares with a par value of 5¢ each; issued, 3,225,000 shares all as fully paid and non-assessable.

5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.

- (a) Mortgage Note payable to First National Bank & Trust Company Tulsa, Okla. secured on certain U.S. oil properties - dated January 26, 1965, \$12,000, interest at 6% repayable in monthly instalments.
(b) Demand loan - Royal Bank of Canada. Principal amount \$36,643.36 as at March 31, 1965 secured by Assignment of revenue of oil and gas leases, Pembina Field, Alberta.

Note:

The loans referred to in (a) and (b) of item 5 hereof are repayable out of the operating revenues of the company. No part of the proceeds to the company of the underwriting referred to Item 9 hereof will be used to discharge these loans.

6. Details of any treasury shares or other securities now the subject of any, underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.

See Schedule "A" on page 3.

| | |
|--|---|
| 7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof. | The Company is informed by the Underwriter that it is acting as a principal, on its own behalf, with respect to the Underwriting Agreement. The only person owning a greater than 5% interest in the Underwriter is John Gardon, 41 Hi-mount Drive, Willowdale, Ontario. |
| 8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition. | None. |
| 9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any. | <p>The proceeds to the Company of the sale of the treasury shares which are the subject of the Underwriting Agreement will be used by the Company as follows:</p> <ul style="list-style-type: none"> (a) Approximately \$40,000. will be used for the exploration and development of the Company's mining claims in Lemieux Township, Gaspe, Province of Quebec. The Company proposes to carry out, in the current year, a diamond drilling program in respect of the said claims along the lines of the program recommended in the report of the Company's consulting mining engineer H.J. Bergmann, P.Eng. dated June 1, 1965 a copy of which is filed herewith. (b) Approximately \$14,000. will be expended by the Company for the general administration of the Company. (c) Approximately \$6,000. will be expended by the Company in paying existing current liabilities of the Company. <p>The Company has been advised by The Royal Bank of Canada, 411 8th Avenue, Calgary, Alberta that no demand will be made by the said Bank for payment of the secured loan outstanding out of the proceeds of the underwriting.</p> <p>The Company has also been advised by the First National Bank and Trust Company, Tulsa, Oklahoma, that no demand will be made by the said Bank for payment of the mortgage note held by it out of the proceeds of the underwriting.</p> <p>The Company intends to retain, for the time being, its investment in its wholly owned subsidiary, Bedford American Petroleum Corporation. The Company also intends to retain for the time being, its interest in certain producing oil and gas properties in the Province of Alberta.</p> |
| 10. Brief statement of company's chief development work during past year. | <p>During 1964 the Company carried out exploration of its claims in Lemieux Township referred to above which consisted of geological mapping, induced polarization surveys and diamond drilling.</p> <p>The total amount of funds of the Company expended on the exploration and development of the Company's claims in Lemieux Township since their acquisition, in February, 1964 is approximately \$80,000. as of the date of this filing statement.</p> |
| 11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid. | The Company does not intend to purchase any mining or oil property or other interests or assets out of the proceeds of the underwriting (see item 9 hereof) |
| 12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company. | Not applicable (see item 11 hereof) |
| 13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement. | <p>There are presently 202,500 shares in the capital stock of the Company held in escrow which may be released only with the prior consents of the Toronto and Vancouver Stock Exchanges of the Underwriter and of the Company. At a meeting of the Board of Directors of the Company held on May 26, 1965, it was resolved as follows:</p> <p>"That the Company does hereby consent to the release to Camon G. Cheriton, Bathurst, N.B. of 202,500 issued shares of the Company held in escrow with the Company's registrar and transfer agent, such release, however, requiring the further consent of the Toronto and Vancouver Stock Exchanges in accordance with the terms of the escrow."</p> <p>The Underwriter by letter dated May 27, 1965 has consented to the release of the said escrowed shares and application has been made to the Toronto Stock Exchange for its consent. Under the terms of an agreement dated February 18, 1964 with Camon G. Cheriton, upon the exercise of certain option rights by the Company, an additional 67,500 shares of the Company will be issued and held in escrow by the Company's registrar and transfer agent. The terms of the said agreement are summarized in the filing statement filed on February 20, 1964 as Number 1041 and reference is hereby expressly made thereto.</p> <p>The Toronto Stock Exchange has notified the Company that it has consented to the release of the aforesaid 202,500 escrowed shares as follows:</p> <p>135,000 shares on June 28, 1965 and 67,500 shares on August 31, 1965.</p> |

THIS IS SCHEDULE "A" TO THE FILING STATEMENT CALVERT GAS &
OILS LIMITED.

By an Agreement dated June 1, 1965 between the Company and John Gardon & Co. Limited, a Broker-Dealer under The Securities Act (Ontario) with offices at 185 Bay Street, Toronto 1, Ontario (herein called the "Underwriter"), the Underwriter has agreed to purchase 200,000 treasury shares in the capital stock of the Company at the price of 30¢ per share, payable in full on closing of the Agreement, and subject to the conditions and terms of the Agreement. In consideration of such firm purchase, and subject to payment being so made the Company has granted options to the Underwriter to purchase all or any part of an additional 800,000 treasury shares in the capital stock of the Company, being 200,000 shares at each of the respective prices of 30¢, 35¢ and 40¢ which options are exercisable within 3, 6 and 9 months respectively, from the closing date, and 100,000 shares at each of the respective prices of 50¢ and 60¢ respectively, which latter options are exercisable within 12 and 15 months respectively, from the closing date. The payment for the Underwriting is to be made forthwith upon acceptance for filing by the Toronto and Vancouver Stock Exchanges of notice of the said agreement and upon the filing of a Prospectus of the Company under The Companies Act of Canada. The said options are not exercisable if the Underwriter is in default in making any payments due under the options, and in the event that default is made, the Company must give the underwriter 15 days notice in writing and if the default is not cured within such 15 days, the option is ended.

The Agreement provides that during the time that the options granted thereunder continue in force the Company shall not without the prior written consent of the Underwriter:

- (a) increase or decrease its authorized capital or subdivide or consolidate the shares in its capital or convert any class of shares in its capital into any other class or classes of shares;
- (b) create or issue bonds, debentures, notes or other security or securities to be issued by it whether charged and secured on its property or any part thereof or otherwise;
- (c) increase or decrease the number of its directors;
- (d) transfer, sell or otherwise dispose of all or substantially all or any part of its assets except in the ordinary course of business;
- (e) exchange shares in its capital for shares or other securities or obligations in or of any other company or companies whether upon the sale of any part of its assets, business, shares or securities or otherwise;
- (f) mortgage, hypothecate or pledge its assets or any of them or any part thereof to secure any moneys advanced or to be advanced to it;
- (g) borrow money upon its credit except in the ordinary course of business;
- (h) option or agree to option for sale or other disposition of any of the shares in its capital;
- (i) sell or otherwise dispose of shares in its capital;
- (j) create or permit to be created any lien or encumbrance on its property or any part thereof or permit any lien or encumbrance on its property to remain undischarged for a period of more than thirty (30) days;
- (k) declare or pay any dividend on its shares or make any distribution to its shareholders;
- (l) enter into any agreement for management services, or pay any fee, salary, bonus or other remuneration for or on account of management services, in excess of any amount being paid on the date of this agreement.

The Agreement also provides:

- (1) If the shares of the Company sell on any stock exchange at a price in excess of the limit price hereinafter set forth in respect of any option remaining outstanding, the Underwriter will forthwith exercise the entire option on which the limit price has been exceeded.

The "limit" price shall be as follows:

200% of the option price when such option price is 50¢ a share or under.

175% of the option price when such option price is above 50¢ a share and under \$1. a share.

- (2) The Underwriter agrees that it will not hereafter enter into any agreement or agreements in the nature of a sub-option agreement, sub-underwriting agreement, or assignment with respect to any of the shares of the Company, without prior notice thereof being given to, and accepted for filing by the Toronto Stock Exchange and Vancouver Stock Exchange.

FINANCIAL STATEMENTS

CAWST GAS & OILS LIMITED
(Incorporated as a Public Company under the laws of the Dominion of Canada)
AND ITS SUBSIDIARY COMPANY

UNITED AMERICAN PROPERTY CORPORATION
(Incorporated Under the laws of the State of California, U.S.A.)

THIRTY CONSOLIDATED BALANCE SHEET (PAGE 1)

IS AT MARCH 22, 1965

5
E-4
171
5
5
1-2

| Investments - (at cost) (Note 2) | | Fixed Assets (At cost) | | Current Liabilities | |
|----------------------------------|------|------------------------------|-----|--|---------------|
| | Cost | | Net | | |
| Cash on Hand and in Banks | | Accumulated Depreciation and | | Bank Loan (Secured) | \$ 36,643.36 |
| Accounts Receivable - Sundry | | Depletion and | | Accounts Payable and Accrued Liabilities | 20,506.79 |
| - Impounded Funds (Note 7) | | Depreciation | | Current Portion of Mortgage Note Payable | 12,000.00 |
| | | | | - Bank (Note 5) | 69,150.15 |
| | | | | | |
| | | | | Long Term Debt (Note 5) | |
| | | | | Mortgage Note Payable - Bank (Secured) | 19,462.72 |
| | | | | Less: Amount Due Within One Year | 12,000.00 |
| | | | | | |
| | | | | Reserve for Foreign Exchange (Note 1) | 7,222.28 |
| | | | | | |
| | | | | Contingent Liability (Note 6) | |
| | | | | Capital Stock and Deficit | |
| | | | | Capital Stock (Note 10) | |
| | | | | Authorized | |
| | | | | 5,000,000 Shares of Par Value 5¢ Each | |
| | | | | Issued and Fully Paid | |
| | | | | Par Value | |
| | | | | Premium | |
| | | | | Total | |
| | | | | | |
| | | | | 3,225,000 Shares | \$ 161,250.00 |
| | | | | | \$ 313,750.00 |
| | | | | Capital Surplus | 559,380.87 |
| | | | | Deficit (As per Attached Statement) | (546,103.09) |
| | | | | | 327,027.78 |

Deferred Expenses (Note 4)

TOTAL ASSETS

Note: The accompanying Notes to Consolidated Financial Statements form an integral part of these statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Director
F. W. Bantger

Subject to Report Dated June 7, 1965

CALVERT GAS & OILS LIMITED

STATEMENT OF DEFERRED DEVELOPMENT EXPENDITURES ON MINING CLAIMS
FOR THE PERIOD FROM ACQUISITION (FEBRUARY 18, 1964) TO MARCH 31, 1965

| | |
|---------------------------|----------------------|
| Drilling | \$ 66,023.45 |
| Tractor Rental | 1,145.00 |
| Engineers and Consultants | 10,705.49 |
| Geophysical Surveys | 13,329.80 |
| Assays | 561.60 |
| Management Services | 6,822.58 |
| Legal Fees | 1,899.74 |
| Travelling Expenses | 2,696.78 |
| Telephone and Telegraph | 2,055.82 |
| License, Fees and Taxes | 2,480.00 |
| Miscellaneous | 362.13 |
| | <u>\$ 108,082.39</u> |

CALVERT GAS & OILS LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARY

BEDFORD AMERICAN PETROLEUM CORPORATION

INTERIM CONSOLIDATED STATEMENT OF DEFICIT

FOR THE FIVE MONTHS ENDED MARCH 31, 1965

| | |
|--|----------------------|
| Consolidated Deficit - November 1, 1964 | \$ 520,917.00 |
| Add: Net Loss for the Five Months Ended March 31, 1965 (Per Attached Statement) | <u>25,186.09</u> |
| Consolidated Deficit - March 31, 1965 | <u>\$ 546,103.09</u> |

BEDFORD AMERICAN PETROLEUM CORPORATION

INTERIM CONSOLIDATED STATEMENT OF OPERATIONS (NOTE 1)

FOR THE FIVE MONTHS ENDED MARCH 31, 1965

| | |
|--|-----------------------|
| Operating Revenue | |
| Gross Oil and Gas Sales | \$ 19,936.40 |
| Operating and General Administrative Expenses | |
| Production and Operating Expenses | \$ 3,516.40 |
| Transfer Agents' Fees and Expenses | 1,278.88 |
| Legal Fees | 22,769.94 |
| Directors' Management Fees re U.S. Oil Operations | 1,750.00 |
| Rent, Secretarial and Accounting Services | 250.00 |
| Engineering Fees and Expenses | 1,669.33 |
| Audit Fees | 1,770.00 |
| Telephone and Telegraph | 2,081.40 |
| General and Office Expenses | 374.08 |
| Directors' Fees | 1,200.00 |
| Licenses, Fees and Taxes | 201.70 |
| Listing and Filing Fees | 105.50 |
| Travelling Expenses | 745.27 |
| Interest Expenses | 909.28 |
| | <u>38,621.78</u> |
| NET OPERATING LOSS BEFORE PROVISION FOR UNDEVELOPED RESERVES | \$ (18,685.29) |
| Depletion (Note 3) | \$ 5,423.64 |
| Depreciation (Note 3) | 2,434.50 |
| Amortization of Development Costs (Note 3) | 639.64 |
| Amortization of Organization Costs (Note 4) | 233.10 |
| Amortization of Deferred Loan Cost (Note 4) | 147.76 |
| | <u>(8,878.64)</u> |
| NET LOSS FROM OPERATIONS | \$ (27,563.93) |
| Other Income | |
| Gain on Sale of Certain Oil and Gas Properties | <u>2,377.84</u> |
| NET LOSS | <u>\$ (25,186.09)</u> |

CALVERT GAS & OILS LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARY

BEDFORD AMERICAN PETROLEUM CORPORATION

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 1965

- Note 1: For purposes of consolidation U.S.A. accounts have been converted to Canadian Funds at Par and foreign exchange adjustments resulting from inter-company advances have been credited to Reserve for Foreign Exchange.
- Note 2: Investments
Investments owned by the U.S. Subsidiary consist of U.S. Treasury 3-7/8% bonds due May 15, 1968 with a par value of \$15,500.00 and are shown on the balance sheet at cost. These bonds were purchased as collateral for the posting of an indemnity bond with Indiana Oil Purchasing Company. The bonds are presently in the possession of the bonding company. See Note 6.
- Note 3: Interests in Producing Leases, Development Costs, Equipment, etc. are carried at cost less accumulated Depletion, Amortization and Depreciation. Depletion of cost of producing properties and amortization of well development costs of producing wells, in both the parent and subsidiary companies are being provided for on the unit-of-production basis which will write off the cost of the properties over their estimated geological life and write off the well development costs over the estimated geological life of the wells. Depreciation of Production equipment is being provided for in the parent company on the unit-of-production basis which will write off the production equipment over the estimated geological life of the wells. Depreciation of Production equipment is being provided for in the subsidiary company on the straight-line method applied to cost less estimated salvage value of such equipment at a rate of 10%.
- Expenditures for maintenance and repairs are charged to operations. Expenditures for replacements, renewals and betterments, which materially increase the life of the assets, are capitalized.
- Upon retirement or disposal of property assets, the cost of the properties retired or disposed of and the related accumulated Depletion, Amortization and Depreciation are removed from the respective accounts; net profits or losses resulting therefrom are credited or charged to income. Drilling expenses which result in dry holes are being written off to operations.
- Interests in Undeveloped Leases, Reservations, etc. are valued at cost. Lease rentals and miscellaneous costs are being charged to the cost of the respective undeveloped properties.
- No provision is being made for depletion of the cost of undeveloped properties and amortization of development costs thereon.
- On abandonment of undeveloped properties, their cost, together with accumulated development expenses, are written off to operations.
- Note 4: The organization and reorganization expenses are being amortized on a straight-line basis over a period of five years. The deferred loan cost is being amortized over the term of the mortgage note payable to the bank.
- Note 5: Mortgage Note Payable - Bank
On January 26, 1965 the U.S. Subsidiary negotiated a loan in the amount of \$20,000.00 with the First National Bank and Trust Company, Tulsa, Oklahoma, secured by a mortgage on certain of the U.S. oil properties. This note bears interest at 6% per annum and is due in 20 monthly installments of 75% of the oil income from the above properties with a minimum payment of \$1,000.00.
- Note 6: Contingent Liability
The operator of certain U.S. leases has filed liens aggregating approximately \$3,800.00 against certain oil and gas leasehold interests located in Colorado and Nebraska. According to Bedford American's counsel, Bedford American's liability cannot be determined at this time because the operator has not submitted verified records concerning the liens. No provision therefor is made in the accounts for this contingency.
- Note 7: Impounded Funds
This represents oil and gas sales from certain leases owned by the U.S. subsidiary from which the pipeline companies have withheld payment due to operator filing liens as reported in Note 6 above.
- Note 8: On February 18, 1964 the company entered into an agreement for the acquisition of 19 unpatented mining claims in Lemieux Township, Province of Quebec, together with equipment, supplies, facilities, etc. for \$11,000.00 and \$25,000.00 shares of the company's capital stock and received by assignment, an option to acquire an additional 35 unpatented mining claims

for \$6,000.00 and 75,000 shares of the company's capital stock. On July 1, 1964 the company made its first option payment of \$1,000.00 and further payments are due on July 1, 1965 - \$2,000.00 and July 1, 1966 - \$3,000.00

Note 9: No depreciation has been taken on mining equipment and supplies or on the Airstrip. All expenditures on the mining claims are being deferred.

Note 10: By agreement dated June 1, 1965, John Gordon & Co. Limited (the underwriter) have agreed to purchase 200,000 shares of the capital stock of the company at 30¢ per share (\$60,000.00) payable forthwith after the acceptance of the company's filing statement by the Toronto and Vancouver Stock Exchanges and the acceptance of the company's prospectus by the Secretary of State of Canada (the effective date). In consideration of the foregoing the company granted to the underwriter options to purchase 800,000 shares of the company's capital stock as follows:

200,000 shares at 30¢ exercisable within three months of the effective date
 200,000 shares at 35¢ exercisable within six months of the effective date
 200,000 shares at 40¢ exercisable within nine months of the effective date
 100,000 shares at 50¢ exercisable within twelve months of the effective date
 100,000 shares at 60¢ exercisable within fifteen months of the effective date.

INTERIM STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FROM NOVEMBER 1, 1964 TO MARCH 31, 1965

(a) Changes in Working Capital

| | November 1, 1964 | March 31, 1965 |
|-----------------------------|---------------------|-------------------|
| Current Assets | \$ 78,891.58 | \$ 28,517.83 |
| Current Liabilities | 93,675.46 | 69,150.15 |
| Working Capital (Deficit) | \$ (14,833.78) | \$ (40,632.32) |
| Decrease in Working Capital | (25,798.54) | |
| | \$ 40,632.32 | |

(b) Source and Application of Funds

Source of Funds

| | |
|---|-------------|
| Long-term portion of Mortgage Note Payable - Bank | \$ 7,462.78 |
| Profit re Foreign Exchange | 368.75 |
| Decrease in Working Capital | 25,798.54 |

TOTAL SOURCE OF FUNDS

\$ 33,630.07

Application of Funds

| | |
|---|--------------|
| Net loss for five month period ended March 31, 1965 | \$ 25,186.09 |
| LESS: Non cash expenses | |
| - Depletion | \$ 5,423.64 |
| Depreciation | 2,434.50 |
| Amortization of Development Costs | 639.64 |
| Amortization of Organization Costs | 233.10 |
| Amortization of deferred loan costs | 147.76 |
| | 8,878.64 |
| | \$ 16,307.45 |
| Additions to Fixed Assets (Net) | 15,809.61 |
| Additions to Development Costs on Mining Properties | 35.35 |
| Additions to Deferred Expenses | |
| - Deferred Loan cost | 1,477.66 |

TOTAL APPLICATION OF FUNDS

\$ 33,630.07

ENGINEER'S REPORT

Note:- The following are excerpts from a report by H. J. Bergmann, B. Sc., P. Eng., dated June 1st, 1965, on mining claims located in Lemieux Township in the Gaspé Peninsula, Province of Quebec. A complete copy of this report is on file with the Toronto Stock Exchange.

S U M M A R Y

The Calvert Gas and Oils property comprises 54 claims in Lemieux Township of the Gaspé Peninsula of Quebec. It lies on the north side of the Federal Metals Mines and is reached via the Gaspé Park Highway from either Ste. Anne des Monts or New Richmond, see Property Map. The town of Murdochville, where Noranda has a copper smelter, is less than 40 miles east and a power line is located four miles east of the Calvert property.

The property is underlain by the Gaspé series of sandstones and limestones of Devonian age. The limestones may be divided into the Grande Greve formation and the underlying Cap Bon Ami which have been intruded by both basic and felsic rocks. Structurally, the property is situated within the Federal dome having north trending rupture zones and transverse northeast by easterly fracture systems.

Exploration during early 1964 consisted of geological mapping, induced polarization surveys and diamond drilling. Several geophysical anomalies were drilled on the Eagle zone and the copper mineralization appears to occur mainly in steeply dipping fissure veins and stockwork fracture veins which do not appear to be of economic significance. However, the Dionne zone appears to have some stratigraphic control of the copper mineralization and lies at the base of the Grande Greve or top of the Cap Bon Ami formation.

The bottom of the Dionne zone also shows extensive bleaching and alteration which suggests that at depth there may be a skarn zone and some deep drilling is recommended in this area. Further drilling is also recommended to investigate the Dionne zone as the previous results were quite encouraging.

HISTORY

In 1956, Noranda held the Eagle group under option and carried out limited drilling on the copper-bearing zone and then allowed the option to lapse.

In April 1959, Gresham Exploration carried out airborne magnetometer surveys and then Rio Tinto conducted

magnetometer and gravity surveys over the area. One deep hole, R-1, was drilled to a depth of 1,200 feet on the south side of the Eagle option located on Breccia Hill. Rio Tinto have recently optioned their ground to Newmont, who plan to carry out deep induced polarization surveys on the Rio Tinto property.

During 1963, C.G. Cheriton did a magnetometer survey and geological mapping of the present property, together with some soil sampling.

In 1964, Calvert Gas and Oils carried out line cutting and an induced polarization survey, followed by diamond drilling. This work discovered additional copper mineralization in several places on the property.

DEVELOPMENT

Calvert Gas and Oils carried out an induced polarization survey on the property and this survey outlined a number of anomalies on the property that warranted investigation by diamond drilling. Approximately 10,000 feet of diamond drilling was carried out to investigate the Eagle and Dionne zones and the majority of the geophysical anomalies.

A number of interesting copper intersections were obtained on the Eagle zone but from these results and the previous drilling carried out by Noranda Mines it would appear that the copper mineralization is confined to vertical fissure veins and stockworks. Although economic values were encountered in individual holes there does not appear much chance of outlining an economic deposit with this type of structure.

The diamond drilling carried out to investigate the geophysical anomalies showed that they were due to sulphide mineralization consisting of pyrite and in some cases chalcopyrite. None of this drilling encountered anything of economic significance.

Three holes were drilled on the Dionne zone and these holes encountered some interesting values in copper. The location of the holes is shown on Plate 2 and Plate 3 is a vertical geological section of the holes. The

chalcopyrite here occurs in a heavily silicified zone at the base of the Grande Greve and the top of the Cap Bon Ami formations. The following are the assay results from D-1, D-2 and D-3 (See Plate 3).

D.D.H. D-1 - Averages:

136.3 - 197.8 - 61.5 feet of 0.90% copper
164.8 - 197.8 - 33.0 feet of 1.25% copper
164.8 - 186.3 - 21.5 feet of 1.70% copper
172.2 - 186.3 - 14.1 feet of 2.40% copper

D.D.H. D-2 - Average:

123.0 - 191.5 - 68.5 feet of 0.19% copper

D.D.H. D-3 - Average:

371.8 - 375.0 - 3.2 feet of 1.88% copper

CONCLUSIONS AND RECOMMENDATIONS

The exploration carried out during 1964 did not outline an economic deposit but it did show fairly widespread copper mineralization. The copper mineralization has been found to occur in roughly three different horizons in the Gaspe limestones and argillites. They are as follows from the top down:

1. As steeply dipping veins and altered stock-work fracture zones in the green argillite at the top of the Grande Greve formation, e.g. Eagle zone.

2. As cavity fillings and heavily silicified fracture fillings in an altered zone at the base of the Grande Greve, e.g. Dionne zone.

3. Possible deep skarn zones down dip to the north in the Cap Bon Ami formation as suggested by the alteration in the bottom of the Dionne zone drilling.

In view of the encouraging results obtained in the Dionne zone D-1 and D-2 holes, and a possible structural trough with copper float on the west side, see Plate 2, the writer recommends a series of vertical cross-section holes as shown on Plate 2.

In order to test the same horizon further north under Breccia Hill, it would be advisable to consider deepening either or both of R-1 (Rio Tinto hole) and G-1 by 1,000 feet, if possible.

Some trenching is also recommended on a new copper showing found last year in the south-west corner of the property across Brandy Brook on the same stratigraphic horizon.

The Hattie showing, which lies 2,000 feet north of the Eagle zone, should be drilled with at least two holes to test for the possibility of a breccia pipe on the west side.

There is still one unexplored induced polarization anomaly at 26+00 North and 10+00 West which should be tested with a vertical hole.

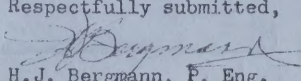
The estimated cost of the above program is as follows:

| | |
|---|--------------------|
| Diamond Drilling - 6,000 feet at \$5.00 per foot | \$30,000.00 |
| Surface Exploration | 1,000.00 |
| Supervision, Consulting and Camp costs | <u>7,000.00</u> |
| Total estimated cost | <u>\$38,000.00</u> |

The results of the program will largely dictate whether further expenditures are justified.

Respectfully submitted,

Montreal, Que.
June 1, 1965.

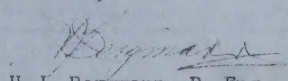

H.J. Bergmann, P. Eng.

CERTIFICATE OF QUALIFICATION

I, H.J. Bergmann, of the City of Montreal, in the Province of Quebec, hereby certify:

1. That I am a Consulting Mining Engineer and reside at 3518 Vendome Ave., Montreal, Quebec.
2. That I am a registered Professional Engineer of the Provinces of Ontario and Quebec.
3. That I am a graduate of the University of Alberta and hold a Bachelor of Science degree in Mining Engineering.
4. That I have been practicing my profession as a Mining Engineer since 1938 and during the past twelve years as a Consulting Engineer.
5. That I have no interest, either directly or indirectly, in Calvert Gas and Oils Ltd. and do not expect to receive any interest in the property or securities of the company.
6. That the accompanying report is based on an examination of the property in 1963, together with a study of data available and technical publications on this area.

Dated at Montreal this 1st day
of June, 1965.


H.J. Bergmann, P. Eng.

| | | | |
|---|---|--|--|
| 14. Names and addresses of owners of more than a 1% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.) | Camon G. Cheriton, Giles M. Dionne Ivan C. Stairs | P.O. Box 372 Bathurst N.B. c/o Hydro Quebec, Montreal, P.Q. Bathurst, N.B. | 171,000 shares 20,250 shares 11,250 shares |
|---|---|--|--|

15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.

The following information was supplied by the Company's registrar and transfer agent:

| | | |
|-------------------------------|---|---------|
| John Gardon & Co. Limited | 185 Bay Street, Toronto, Ontario. | 497,600 |
| S.J. Brooks & Company Limited | 185 Bay Street, Toronto, Ontario. | 263,050 |
| Camon G. Cheriton | P.O.Box 372, Bathurst, N.B. | 171,000 |
| G.W. Nicholson | 67 Richmond St.W., Toronto, Ontario. | 152,200 |
| Houston & Co. | 335 Bay Street, Toronto, Ontario. | 136,500 |

The Company has been informed by the aforementioned registered shareholders that, with the exception of Camon G. Cheriton, they are not the beneficial owners of the shares registered in their respective names. The Company has been unable to obtain any information as to the identity of the beneficial owners of the said shares. The 171,000 shares held by Camon G. Cheriton are held in escrow - (See item 13 hereof).

16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.

The Company has no knowledge of any persons whose shareholdings are large enough to materially affect control of the Company. -- (See item 15 hereof). The directors of the Company may be in a position to materially affect control of the Company upon their obtaining proxies from the shareholders mentioned in Item 15 hereof.

17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.

The Company owns 4,970 shares of Bedford American Petroleum Corporation, Tulsa, Okla. This is a wholly owned subsidiary of the Company and was formed to hold, develop and operate oil and gas leasehold interests in the U.S. with investment costs of \$500. The Company owns 10,000 common shares, par value 10 cents each, of Smog Controls Inc., a dormant and inactive company, which shares have no quoted market value and were acquired at a cost to the Company of \$10.00.

18. Brief statement of any lawsuits pending or in process against company or its properties.

The operator of oil and gas leases located in Colorado and Nebraska owned by the subsidiary company, has filed liens for alleged unpaid operating bill in the sum of \$3,886.71. In the opinion of counsel for the subsidiary company, the Company is liable only for a lesser amount. Funds payable to the Company in the amount of \$6,810.38 have been impounded as a consequence of the filing of the said liens (see Notes 6 and 7 to the Financial Statements filed herewith).

19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.

There are no material contracts entered into by the company still in effect and not disclosed in the foregoing.

20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.

The Company holds an option to acquire 35 unpatented mining claims in Lemieux Township, Gaspé, Quebec under the terms of an agreement dated February 18, 1964 with Camon G. Cheriton under which the Company was granted an assignment of an option to enter upon, examine and, if desired, acquire all right and interest under the Quebec Mining Act in the said claims. To exercise the said option the Company must make the following payments, the first of which has been made:

\$1,000 by July 1, 1964
\$2,000 by July 1, 1965
\$3,000 by July 1, 1966

In addition upon the final exercise of the said option the Company is obligated to issue and allot 75,000 shares of which shares 67,500 will be held in escrow, subject to release from escrow with the consents of the Company, the Underwriter, The Toronto Stock Exchange and the Vancouver Stock Exchange.

No other material facts. The shares which are the subject of the underwriting agreement referred to above will be in primary distribution if, as and when purchased by the Underwriter.

CERTIFICATE OF THE COMPANY

DATED June 8th, 1965.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"J. A. L. White"

"F. W. Boulger"

CORPORATE SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

JOHN GARDON & CO. LIMITED

"J. Gardon"